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SUBJECT: NIGERIA: SECURITIES AND EXCHANGE COMMISSION VISITS THE U.S.

REF: ABUJA 1147

¶1. Summary: The Nigerian Securities Exchange Commission (NSEC) traveled to the U.S. from November 17 through November 21 to visit with U.S. government agencies and private sector firms in Washington D.C., New York and Boston to exchange experience in areas of securities market surveillance and enforcement. The trip was inspired by the Ambassador's suggestion to the Director General Musa Al-Faki that the NSEC increase ties with the USG agencies and private sector (reftel). In collaborating with the NSEC the U.S. SEC will hold a regional training program in Abuja in April 2009. NSEC is forward leaning agency interested in further USG assistance. End Summary.

¶2. The NSEC delegation to the U.S. was led by NSEC Chairman, and former Senator Udoma Udo Udoma, and included Director General Musa Al-Faki, Executive Commissioner for Operations Daisy Ekineh, Executive Commissioner for Legal and Investigations Directorate Charles Afamefuna Udora, CEO of the Nigerian Capital Market Institute Oluwabobi Oyefese, Deputy Director and Special Assistant to the Director General Mohammed Bala Usman and part-time NSEC board member and Secretary of National Agency for Poverty Eradication Program (NAPEP) Jubril Zarewa.

Main Objectives

¶3. The NSEC's main objectives were to:

- Strengthen the NSEC market surveillance and enforcement capabilities in order to raise investor confidence;
- Enhance the depth and international competitiveness of the Nigerian capital market by adopting best practices that would further promote market efficiency, transparency and corporate governance;
- Improve human resource capacity within the Commission.

¶4. In Boston, the NSEC visited the Harvard Business School, while in New York the delegation visited the Council of Foreign Relations, Goldman Sacks, and Donaldson Enterprises. In Washington D.C., the delegation met with the Federal Reserve, the Treasury Department and the Securities and Exchange Commission (SEC).

Treasury, Federal Reserve and SEC Focus

¶5. In the meeting with Treasury on November 20, the NSEC delegation discussed issues relating to coordination between the financial system regulators, which the NSEC considers a major challenge because regulatory objectives differ among the sectors. The discussion between the Federal Reserve and the NSEC was focused on information sharing between regulatory bodies for the purpose of stability and soundness of the entire financial market especially in

times of crisis.

¶6. The U.S. SEC meeting focused on issues of investigating and prosecuting fraud and insider trading and appropriate penalties for securities law violators. Another major interest area was retaining a skilled work force.

¶7. Upon their return to Nigeria, the NSEC provided the Mission with a summary report of their U.S. visit and a list of immediate issues for considerations. The following is the list of some of the NSEC recommendations:

- New legislation increase protection of property rights, ensure market transparency and assist enforcement.
- Making the bond market more attractive in order enhance the Nigerian capital market and its capacity to fund infrastructure improvements.
- Strengthen market surveillance, supervision and enforcement.
- Establish zonal offices (especially in Lagos) with additional staff to undertake inspections, investigations and enforcement actions with the Abuja office only serving as a clearing house.
- Creation of formal rules guiding the litigation process through to settlement.
- Focusing on improving information communication technology (ICT) in ensuring the international competitiveness of the capital market.

Way Forward

¶8. The NSEC and the U.S. SEC agreed to hold an upcoming regional training program in Abuja in April 2009 as USG deliverable on technical assistance. The Mission has built strong ties to the NSEC

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and will work within the U.S. Nigeria Framework of Partnership umbrella to coordinate Nigerian needs and USG assistance. The NSEC willingness to support their travel to the U.S. demonstrates the agencies interest in building strong ties with the USG as the agency moves forward.

¶9. This message was coordinated with ConGen Lagos.

SANDERS